

**REMARKS/ARGUMENTS**

Claims 1-15 stand rejected in the outstanding Official Action. Claims 7, 9, 11 and 14 have been amended and therefore claims 1-15 remain in this application.

Applicants have made minor amendments to claims 7 and 9 in order to remove the "taken in combination" language. In the case of claim 7, the limitation of claim 6 has been added which obviates the need for the "taken in combination" language. Similarly, in claim 9, the limitation of claim 8 has been added, thereby obviating the need for the "taken in combination" language. The dependency of claim 11 has been corrected to depend from claim 4, and the wording of claim 14 has been slightly modified. With the above amendments, all claims 1-15 are believed to be clearly patentable over the prior art of record.

In the outstanding Official Action, claims 1, 4, 5 and 11-13 stand rejected under 35 USC §102 as being anticipated by Orus (U.S. Patent 6,851,607). The Court of Appeals for the Federal Circuit has noted in the case of *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick*, 221 USPQ 481, 485 (Fed. Cir. 1984) that "[a]nticipation requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim."

Applicants' independent claim 1 specifies an inventive method with "the card executing the steps of." In other words, in Applicants' claimed method, the card does the execution step and not the terminals or the network to which it is temporarily connected.

Additionally, claim 1 specifies the step of "finalizing the modifications to the card memory" by either confirming or discarding all of the modifications made. As noted in previous Official Actions, this feature of the present smart card system prevents interruption in the middle of a transaction from providing the benefit of a transaction without the appropriate debit on the

card. In order for the Orus reference to anticipate Applicants' independent claim 1 or any claims dependent thereon, it is incumbent upon the Examiner to demonstrate how or where Orus teaches at least these two specifically recited features of Applicants' independent claim 1. As follows, there is believed to be no such teaching.

**Orus contains no disclosure of "said method comprising the card executing the steps"**

The Examiner on page 3 of the outstanding Official Action, at line 1, alleges that Orus discloses a method "comprising the card executing the steps." Unfortunately, the Examiner does not indicate where in the Orus reference he believes there to be any such disclosure.

The Examiner references "column 4 line 20 to column 19," presumably intending to cover the entire Orus reference. However, the Orus reference only contains 12 columns with column 8, line 46 to column 12 comprise only the claims in the Orus reference. Even within the portions of Orus, from Column 4, line 20 to the end, there is no disclosure of the method being performed by the card. Thus, the Examiner has failed to identify any portion of the Orus reference disclosing the claimed feature, i.e., "said method comprising the card executing the steps."

Should the Examiner persist in this rejection, he is respectfully requested to identify the column and line number of the Orus reference in which it is disclosed that **the card** executes the recited steps. Absent any disclosure of this feature of Applicants' claimed invention, Orus cannot anticipate the subject matter of claim 1 or claims dependent thereon.

**Orus contains no disclosure of the claimed "finalizing" step**

Applicants' independent claim 1 and all claims dependent thereon incorporates the final step of "finalizing the modifications to the card memory by one of [a] confirming all of the modifications and by [b] discarding all of the modifications."

This claimed finalizing step, in which the modifications are either confirmed or discarded, comprises a substantive protection for the claimed method of modifying the contents of the smart card. Either all of the modifications are accepted or none of the modifications are accepted. In this way, and especially during an interrupted transaction, it is impossible to debit a card without a completed transaction. In other words, there is no possibility of removing credit from a card without accomplishing the desired transaction.

On page 3 of the Official Action, the Examiner alleges that Orus teaches the finalizing step and again suggests that this claim teaching is contained in the Orus reference between column 4, line 20 and column 19. As noted above, there is no column 19 in the Orus reference. Moreover, the attempt to include virtually all of the text of the Orus reference is perhaps an admission that Orus contains no such disclosure. Moreover, the Examiner has not identified any disclosure relating to such a "finalizing" step. It is noted that the burden of establishing a *prima facie* of anticipation is on the Examiner who alleges that each method step is disclosed in the cited prior art reference.

It should also be noted that as disclosed in column 7, lines 60-67 of the Orus reference, in Orus

the invention advantageously enables the integrity of a system formed by the gambling cards, the gambling machine network and the database of the central processing unit to be checked, with the

integrity of one of the three system elements, namely a gambling card or the network or the database, **being checked with the aid of the other two elements.** (emphasis added)

In other words, in Orus, the card **by itself**, as required by Applicants' claims, cannot maintain its own integrity.

Since the Examiner has failed to demonstrate how or where Orus teaches either a "card executing the steps" or the claimed "finalizing" step, there is simply no support for the allegation that Orus anticipates claim 1 or any claims dependent thereon. Accordingly, any further rejection of the claims, including claims 1, 4, 5 and 11-13, is respectfully traversed.

The Examiner rejects claims 2 and 3 under 35 USC §103 as unpatentable over Orus in view of Fujisaki (U.S. Patent 4,877,945). Inasmuch as claims 2 and 3 ultimately depend from independent claim 1, the above comments distinguishing claim 1 from the Orus reference are herein incorporated by reference. The Examiner does not allege that the Fujisaki reference teaches the missing aspects from claim 1, i.e., "said method comprising the card executing the steps" or the claimed "finalizing" step. Since these steps are missing from both Orus and the Fujisaki reference, there can be no basis for an obviousness rejection of claim 1 or dependent claims 2 and 3 in view of the Orus/Fujisaki combination and any further rejection thereunder is respectfully traversed.

Claims 7 and 9 stand rejected under 35 USC §103 as unpatentable over Orus in view of Ohashi (U.S. Patent 5,761,309). Inasmuch as claims 7 and 9 ultimately depend from independent claim 1, the above comments distinguishing claim 1 from the Orus reference are herein incorporated by reference. The Examiner does not allege that the Ohashi reference teaches the missing aspects from claim 1, i.e., "said method comprising the card executing the

steps" or the claimed "finalizing" step. Since these steps are missing from both Orus and the Ohashi reference, there can be no basis for an obviousness rejection of claim 1 or dependent claims 7 and 9 in view of the Orus/Ohashi combination and any further rejection thereunder is respectfully traversed.

Claims 6, 8 and 10 stand rejected under 35 USC §103 as unpatentable over Orus in view of Vanstone (U.S. Patent 6,178,507). Inasmuch as claims 6, 8 and 10 ultimately depend from independent claim 1, the above comments distinguishing claim 1 from the Orus reference are herein incorporated by reference. The Examiner does not allege that the Vanstone reference teaches the missing aspects from claim 1, i.e., "said method comprising the card executing the steps" or the claimed "finalizing" step. Since these steps are missing from both Orus and the Vanstone reference, there can be no basis for an obviousness rejection of claim 1 or dependent claims 6, 8 and 10 in view of the Orus/Vanstone combination and any further rejection thereunder is respectfully traversed.

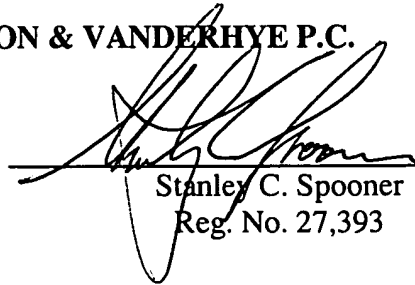
Having responded to all objections and rejections set forth in the outstanding Official Action, it is submitted that claims 1-15 are in condition for allowance and notice to that effect is respectfully solicited. In the event the Examiner is of the opinion that a brief telephone or personal interview will facilitate allowance of one or more of the above claims, he is respectfully requested to contact Applicants' undersigned representative.

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Respectfully submitted,

**NIXON & VANDERHYE P.C.**

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